

WASHINGTON STATE LIQUOR CONTROL BOARD

64th REPORT OF OPERATIONS



DEFENDANT'S EXHIBIT	
CASE NO.	C04-0360P
EXHIBIT NO.	528

JULY 1, 1996
to
JUNE 30, 1997

Resp to Costco RFP
2144



MANUFACTURERS, IMPORTERS AND WHOLESALERS (M.I.W.) SECTION

Overview

The M.I.W. section is responsible to ensure that all state liquor laws and administrative rules applicable to beer, wine, and spirit manufacturers, importers, distributors, and interstate common carriers (CCIs) are administered properly. This section is made up of two teams: the Non-Retail Enforcement team and the Non-Retail Compliance team. M.I.W. works closely with the Administrative Services Division to ensure proper and timely payment of beer and wine taxes.

Non-Retail Compliance Team

The Non-Retail Compliance team investigates and recommends approval or denial of licensing in-state and out-of-state breweries and wineries, and all non-retail in-state licensees. Additionally, the team is responsible for the price posting, surety bond, and label and product approval programs.

Implementation of an Internet price posting system began in September of 1996. This system involved developing the Internet site to accommodate pricing information filed by more than 800 beer and wine suppliers and distributors, as well as developing a new database to identify and assign unique product code numbers to all beer and wine labels. These unique product codes are used by the Internet posting system to identify and provide consistent descriptions of products carried by multiple licensees.

Statistics

For the fiscal year ending June 30, 1997, there were a total of 848 non-retail license holders, including the following major categories: breweries, wineries, wholesalers, importers, and interstate common carriers.

The M.I.W. section processed:

New Applications	180
Added Trade/Corporate Name Changes	88
Assorted Ownership Changes	12

For Fiscal Year 1996, an average of 3,000 supplier and distributor price posting forms were received by division personnel each month. One hundred (100) percent of the supplier price postings and a random 20 percent sampling of the distributor price postings were reviewed each month. Approximately 10 percent of those were returned with disapproved items.

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In addition to the paper price posting forms, 52 distributors submitted price postings on diskette. Over 100 posting diskettes were received and processed each month by MIW staff.

By September 1998, all licensees will be required to file postings on the Internet instead of the paper and diskette methods.

Through March 1997, 661 beer labels and 3,071 wine labels were reviewed for compliance with state labeling regulations and approved by M.I.W. staff. In April, re-approval of all beer and wine products began. This information was entered in a new database to be used in conjunction with the new Internet price posting system.

To date, information from more than 14,000 beer and wine labels has been entered in this database. More than 27,000 individual packages have been approved for these 14,000 labels.

The implementation process of this new system is still ongoing, so we cannot yet project the average number of beer and wine labels submitted for approval each month.

Breakdown of Approved Labels

Wine labels	12,809
U.S. wine labels	6,063
Foreign wine labels	6,746
Total wine packages	17,480
Beer labels	1,771
U.S. beer labels	1,378
Foreign beer labels	393
Total beer packages	5,109
Cider labels	36
U.S. cider labels	25
Foreign cider labels	--
Total cider packages	69
Special package approval	8
Beer special packages	2
Wine special packages	6

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Non-Retail Enforcement Team

The Enforcement team maintains offices in Olympia, Kent, Wenatchee, and Spokane. This team is responsible for the inspection of all breweries, wineries, spirituous liquor importers, beer and wine importers, wholesalers, and interstate common carriers. In addition, this team is involved in preventive and educational enforcement for all non-retail liquor licensees and their licensed agents. The M.I.W. agents work closely with the Audit section of the Administrative Services Division to ensure compliance with liquor tax requirements.

Non-Retail Enforcement statistics for the fiscal year ending June 30, 1997:

Corrective Actions

Administrative violations	17
Written warning	56
Verbal warnings	62
Reports/complaints	58
Notices to correct	12
Total	205

Field Actions

Technical assist visits	2,934
Law enforcement contacts	24
Other field actions	39
Total	2,997